

June 14, 2011

The Health Benefits Committee met on Tuesday, June 14, 2011, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 4:10 p.m. with the following members present:

Priya Mathur, Chair
JJ Jelincic, Vice Chair
Ruth Holton-Hodson representing John Chiang
George Diehr
Rob Feckner
Henry Jones
Tricia Wynne representing Bill Lockyer
Tony Oliviera
Howard Schwartz representing Ronald Yank

#### AGENDA ITEM 2 – APPROVAL OF THE MAY 17, 2011, HEALTH BENEFITS COMMITTEE MEETING MINUTES

The May 17, 2011, Health Benefits Committee meeting minutes were approved as presented.

### AGENDA ITEM 3 – NATIONAL COALTION ON HEALTH CARE ORGANIZATION UPDATE

As an information item, Ralph Neas, National Coalition on Health Care, presented an overview of the Coalition and where the project stands today. In addition, Mr. Neas, provided highlights on cost of care, cost variation and moving toward sustainability, quality care and lower cost.

#### AGENDA ITEM 4a – APPROVAL OF 2012 PROPOSED BENEFIT DESIGN MODIFICATIONS

Kathleen Billingsley, Assistant Executive Officer, Health Policy and Planning, presented the 2012 proposed benefit design modifications.

On **MOTION** by George Diehr, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the proposed benefit design modifications as follows:

- A "member pays the difference" requirement when a doctor prescribes a drug as
  Dispense as Written, and for members who select brand name drugs when a
  Food and Drug Administration approved generic equivalent is available. The
  existing provision that allows a prescriber to request authorization for a brand
  based on medical necessity is still in place, and if approved, the member will not
  have to pay the difference, only the non-preferred copayment.
- An increase in the prescription copay of \$5.00 for brand medications, and the standardization of 90-day mail order prescriptions to have double the copay of a 30-day retail prescription. Generic copayments remain the same.
- A clarification of last year's removal of non-preferred drugs from the \$1,000 outof-pocket maximum for mail order prescriptions to exclude life style drugs.
- An expansion of value based purchasing for the PPO plans for Arthroscopy, Colonoscopy and Cataract procedures.
- For Blue Shield of California:
  - expand NetValue in Contra Costa County and add providers to NetValue in Los Angeles, Riverside and San Bernardino Counties; and withdraw from Santa Barbara County;
  - expand the Group Medicare Advantage Part D program into Imperial, San Joaquin, San Francisco, and Nevada Counties;
  - o implement value based purchasing for hip and knees;
  - expand the integrated health care model into Orange County through an exclusive NetValue network with St. Joseph Health systems; and expand into Stanislaus County.

The following people spoke on this item:

Ann McWherter, Retired Public Employees Association Joanne Hollander, Retired Public Employees Association Steve Kawai, California State Employees Association

## AGENDA ITEM 4b – APPROVAL OF 2012 HEALTH MAINTENANCE ORGANIZATION PLANS RATES

Kathleen Billingsley, Assistant Executive Officer, Health Policy and Planning, presented the proposed 2012 rates for the Health Maintenance Organization plans.

On **MOTION** by Tony Oliveira, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the proposed 2012 Health Maintenance Organization rates for Kaiser Permanente and Blue Shield of California, as set forth in Attachment 1. The rates include:

- benefit design changes;
- applying the use of Early Retiree Reinsurance Program monies; and,

• for Blue Shield of California, applying the full rollover amount of contractual risk sharing benefit.

JJ Jelincic ABSTAINED.

Delores Duran-Flores, California School Employees Association, spoke on this item.

### AGENDA ITEM 4c – APPROVAL OF 2012 PREFERRED PROVIDER ORGANIZATION PLANS RATES

Kathleen Billingsley, Assistant Executive Officer, Health Policy and Planning, presented the proposed 2012 rates for the Preferred Provider Organization plans.

On **MOTION** by George Diehr, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the proposed 2012 rates for the Preferred Provider Organization Health Plans, as set forth in Attachment 2. The rates include:

- benefit design changes;
- applying the use of Early Retiree Reinsurance Program monies; and,
- applying excess reserves in our PPO plans.

The following people spoke on this item:

Steve Kawai, California State Employees Association Frank Weinstein, CalPERS Member

#### AGENDA ITEM 4d – APPROVAL OF 2012 ASSOCIATION PLANS RATES

Kathleen Billingsley, Assistant Executive Officer, Health Policy and Planning, presented the proposed 2012 rates for the Association plans.

On **MOTION** by Tricia Wynne, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the proposed rates for the California Association of Highway Patrolmen (CAHP) Health Benefits Trust, the California Correctional Peace Officers Association (CCPOA) Benefit Trust Fund, and the Peace Officers Research Association of California (PORAC) Insurance and Benefits Trust, as set forth in Attachment 3.

#### AGENDA ITEM 5a – STATE ANNUITANT CONTRIBUTION FORMULA

As an information item, Doug McKeever, Chief, Health Policy Research Division, presented the 2012 State Annuitant Contribution amounts, based on proposed 2012 premium rates. The contribution amounts are provided in Attachment 4.

### AGENDA ITEM 5b – ADOPTION OF REGULATIONS: PROHIBITION ON RESCISSIONS

DeLesa Swanigan, Special Assistant to the DEO, Benefit Programs Policy and Planning, presented the proposed regulations to prohibit rescissions of health care coverage in specific circumstances. Enactment of these regulations brings CalPERS

into conformity with federal law. On January 1, 2011, the federal provisions went into effect and CalPERS began implementation.

On **MOTION** by Tony Oliveira, **SECONDED** and **CARRIED**, the Committee recommended the Board adopt the proposed regulations to prohibit rescissions of health care coverage in specific circumstances, pending the conclusion of the public comment period.

JJ Jelincic voted NO.

#### AGENDA ITEM 6a – PHARMACY BENEFIT MANAGER CONTRACT WITH CVS CAREMARK

Kathy Donneson, Chief, Health Plan Administration Division, presented staff's recommendation to approve the negotiated contract between CalPERS and CVS Caremark for Pharmacy Benefit Manager Third-Party Administrator services.

On **MOTION** by George Diehr, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the contract for Pharmacy Benefit Manager services with CVS Caremark, pending successful completion of negotiations.

Steve Kawai, California State Employees Association, spoke on this item.

#### AGENDA ITEM 7 – ASSITANT EXECUTIVE OFFICER REPORT

Kathleen Billingsley, Assistant Executive Officer, Health Policy and Planning, announced her appointment as Chief Deputy Director for the Department of Public Health and extended a thank you to the CalPERS Health staff.

#### AGENDA ITEM 8 – PROPOSED AGENDA FOR AUGUST 16, 2011, HEALTH BENEFITS COMMITTEE MEETING

The proposed August 16, 2011, Health Benefits Committee Meeting Agenda was approved with the following additions: Health Plan Performance Guarantees; Long-Term Care Program Update; and, Long-Term Care Request for Proposal Update.

#### **AGENDA ITEM 9 – PUBLIC COMMENT**

Neal Johnson, SEIU Local 1000, spoke regarding the 2012 rate process.

The meeting was adjourned at 5:50 p.m.

The next meeting of the Health Benefits Committee is scheduled for August 16, 2011, in Sacramento, California.

Attachments

ANN BOYNTON
Deputy Executive Officer
Benefit Programs Policy and Planning

## CalPERS 2012 Health Premiums - HMOs 2012 June HBC Proposed

#### State

Pacia	2011				Percent				
Basic	Single	2-Party	Family	Single	2-Party	Family	Change (+/-)		
	State Basic Premium Rates								
Blue Shield Access+	\$601.68	\$1,203.36	\$1,564.37	\$622.90	\$1,245.80	\$1,619.54	3.53%		
Blue Shield NetValue	517.72	1,035.44	1,346.07	535.73	1,071.46	1,392.90	3.48%		
Kaiser CA	522.58	1,045.16	1,358.71	559.11	1,118.22	1,453.69	6.99%		
Kaiser/Out of State	785.28	1,570.56	2,041.73	816.47	1,632.94	2,122.82	3.97%		

Madiaara		2011			2012			
Medicare	Single	2-Party	Family	Single	2-Party	Family	Change (+/-)	
Medicare Premium Rates - All Regions								
Blue Shield Access+	\$337.88	\$675.76	\$1,013.64	\$337.99	\$675.98	\$1,013.97	0.03%	
Blue Shield NetValue	337.88	675.76	1,013.64	337.99	675.98	1,013.97	0.03%	
Kaiser CA	282.30	564.60	846.90	277.81	555.62	833.43	-1.59%	
Kaiser/Out of State	354.81	709.62	1,064.43	366.87	733.74	1,100.61	3.40%	

#### CalPERS 2012 Health Premiums - HMOs 2012 June HBC Proposed Contracting Agencies

Pacia		2011			2012		Percent		
Basic	Single	2-Party	Family	Single	2-Party	Family	Change (+/-)		
	Basic	Premiu	m Rates	s - Bay A	rea				
Alameda, Amador, Cont	ra Costa, Mar	in, Napa, Ne	vada, San Fı	ancisco, San	Joaquin, Sa	an Mateo, Sa	nta Clara,		
	Santa (	Cruz, Solano,	, Sonoma, S	utter, Yolo, Y	uba				
Blue Shield Access+	\$675.51	\$1,351.02	\$1,756.33	\$711.10	\$1,422.20	\$1,848.86	5.27%		
Blue Shield NetValue	581.24	1,162.48	1,511.22	611.59	1,223.18	1,590.13	5.22%		
Kaiser CA	568.99	1,137.98	1,479.37	610.44	1,220.88	1,587.14	7.28%		
	Basic F	Premium	Rates	- Sacran	nento				
	E	I Dorado, I	Placer, Sa	cramento					
Blue Shield Access+	\$609.14	\$1,218.28	\$1,583.76	\$636.92	\$1,273.84	\$1,655.99	4.56%		
Blue Shield NetValue	541.43	1,082.86	1,407.72	553.09	1,106.18	1,438.03	2.15%		
Kaiser CA	524.51	1,049.02	1,363.73	562.69	1,125.38	1,462.99	7.28%		
Basic Premium Rates - Los Angeles Area									
	Los A	Angeles, Sa	an Bernar	dino, Ventu	ra				
Blue Shield Access+	\$496.93	\$993.86	\$1,292.02	\$510.72	\$1,021.44	\$1,327.87	2.78%		
Blue Shield NetValue	427.58	855.16	1,111.71	439.25	878.50	1,142.05	2.73%		
Kaiser CA	434.00	868.00	1,128.40	465.63	931.26	1,210.64	7.29%		
Basic	<b>Premiur</b>	n Rates	- Other	Souther	n Califo	ornia			
Fresno, Imp	erial, Inyo,	Kern, King	s, Madera	, Riverside	Orange,	San Diego	,		
•	San L	uis Obispo	o, Santa Ba	arbara, Tula	are				
Blue Shield Access+	\$567.87	\$1,135.74	\$1,476.46	\$583.60	\$1,167.20	\$1,517.36	2.77%		
Blue Shield NetValue	488.62	977.24	1,270.41	501.93	1,003.86	1,305.02	2.72%		
Kaiser CA	477.95	955.90	1,242.67	512.76	1,025.52	1,333.18	7.28%		
Basic	Premiui	m Rates	- Other	Norther	n Califo	rnia			
Alpine, Butte, Calaveras, Co							odoc, Mono,		
	mas, San Benit								
Blue Shield Access+	\$685.67	\$1,371.34	\$1,782.74		\$1,409.38		2.77%		
Kaiser CA	574.32	1,148.64	1,493.23		1,232.28	1,601.96	7.28%		
	Basic F	Premium	Rates	- Out of	State				
Kaiser/Out of State	785.28	1,570.56	2,041.73	816.47	1,632.94	2,122.82	3.97%		

Madiaara	2011			2012			Percent	
Medicare	Single	2-Party	Family	Single	2-Party	Family	Change (+/-)	
Medicare Premium Rates - All Regions								
Blue Shield Access+	\$337.88	\$675.76	\$1,013.64	\$337.99	\$675.98	\$1,013.97	0.03%	
Blue Shield NetValue	337.88	675.76	1,013.64	337.99	675.98	1,013.97	0.03%	
Kaiser CA	282.30	564.60	846.90	277.81	555.62	833.43	-1.59%	
Kaiser/Out of State	354.81	709.62	1,064.43	366.87	733.74	1,100.61	3.40%	

## CalPERS 2012 Health Premiums - PPOs 2012 June HBC Proposed State

Basic	2011			2012			Percent	
	Single	2-Party	Family	Single	2-Party	Family	Change (+/-)	
State Basic Premium Rates								
PERS Choice	\$535.45	\$1,070.90	\$1,392.17	\$545.56	\$1,091.12	\$1,418.46	1.89%	
PERS Select	468.24	936.48	1,217.42	463.12	926.24	1,204.11	-1.09%	
PERSCare	849.60	1,699.20	2,208.96	977.98	1,955.96	2,542.75	15.11%	

Medicare	2011				Percent			
Medicale	Single	2-Party	Family	Single	2-Party	Family	Change (+/-)	
Medicare Premium Rates - All Regions								
PERS Choice	\$375.88	\$751.76	\$1,127.64	\$383.44	\$766.88	\$1,150.32	2.01%	
PERS Select	375.88	751.76	1,127.64	383.44	766.88	1,150.32	2.01%	
PERSCare	433.66	867.32	1,300.98	432.43	864.86	1,297.29	-0.28%	

#### CalPERS 2012 Health Premiums - PPOs 2012 June HBC Proposed Contracting Agencies

Basic		2011			2012		Percent		
Dasic	Single	2-Party	Family	Single	2-Party	Family	Change (+/-)		
	Basic	Premiu	ım Rates	s - Bay A	Area				
Alameda, Amador, Cont	ra Costa, Ma	rin, Napa, Ne	vada, San Fi	rancisco, Sar	ո Joaquin, S	an Mateo, Sa	nta Clara,		
				utter, Yolo, Y					
PERS Choice	\$563.40	\$1,126.80	\$1,464.84	•	\$1,148.30	\$1,492.79	1.91%		
PERS Select	492.68	985.36	1,280.97	487.39	974.78	1,267.21	-1.07%		
PERSCare	893.95	1,787.90	2,324.27		2,058.46	2,676.00	15.13%		
	Basic F	Premiun	n Rates	- Sacran	nento				
El Dorado, Placer, Sacramento									
PERS Choice	\$524.04	\$1,048.08	\$1,362.50	\$534.10	\$1,068.20	\$1,388.66	1.92%		
PERS Select	458.27	916.54	1,191.50	453.39	906.78	1,178.81	-1.06%		
PERSCare	831.50	1,663.00	2,161.90	957.44	1,914.88	2,489.34	15.15%		
Basic Premium Rates - Los Angeles Area									
Los Angeles, San Bernardino, Ventura									
PERS Choice	\$496.15	\$992.30	\$1,289.99	\$505.63	\$1,011.26	\$1,314.64	1.91%		
PERS Select	433.87	867.74	1,128.06	429.22	858.44	1,115.97	-1.07%		
PERSCare	787.24	1,574.48	2,046.82	906.39	1,812.78	2,356.61	15.14%		
Basic	Premiu	m Rates	- Other	Southe	rn Califo	ornia			
Fresno, Imp	erial, Inyo,	Kern, King	s, Madera	, Riverside	, Orange,	San Diego	,		
	San L	uis Obispo	o, Santa B	arbara, Tul	are				
PERS Choice	\$516.28	\$1,032.56	\$1,342.33	\$526.19	\$1,052.38	\$1,368.09	1.92%		
PERS Select	451.48	902.96	1,173.85	446.68	893.36	1,161.37	-1.06%		
PERSCare	819.18	1,638.36	2,129.87	943.26	1,886.52	2,452.48	15.15%		
Basic	Premiu	m Rates	- Other	Northe	rn Califo	ornia			
Alpine, Butte, Calaveras, Co	olusa, Del Nort	e, Glenn, Hum	boldt, Lake, L	assen, Maripo	sa, Mendocin	o, Merced, Mo	odoc, Mono,		
Monterey, Plu	mas, San Beni	to, Shasta, Sie	erra, Siskiyou	, Stanislaus, T	ehama, Trinity	y, Tuolumne			
PERS Choice	\$548.78	\$1,097.56	\$1,426.83	\$559.25	\$1,118.50	\$1,454.05	1.91%		
PERS Select	479.90	959.80	1,247.74	474.74	949.48	1,234.32	-1.08%		
PERSCare	870.76	1,741.52	2,263.98	1,002.53	2,005.06	2,606.58	15.13%		
	Basic	Premiun	1 Rates	- Out of	State				
PERS Choice	\$636.97	\$1,273.94	\$1,656.12	\$649.16	\$1,298.32	\$1,687.82	1.91%		
PERSCare	1,010.68	2,021.36	2,627.77	1,163.70	2,327.40	3,025.62	15.14%		
2011									

Medicare	2011			2012			Percent	
Wedicale	Single	2-Party	Family	Single	2-Party	Family	Change (+/-)	
Medicare Premium Rates - All Regions								
PERS Choice	\$375.88	\$751.76	\$1,127.64	\$383.44	\$766.88	\$1,150.32	2.01%	
PERS Select	375.88	751.76	1,127.64	383.44	766.88	1,150.32	2.01%	
PERSCare	433.66	867.32	1,300.98	432.43	864.86	1,297.29	-0.28%	

## 2012 June HBC Proposed CalPERS 2012 Association Premiums

Basic	2011				Percent		
Dasic	Single	2-Party	Family	Single	2-Party	Family	Change (+/-)
CAHP	602.71	1,170.07	1,530.35	602.71	1,170.07	1,530.35	0.00%
CCPOA North	542.95	1,087.34	1,467.72	560.28	1,122.15	1,514.74	3.20%
CCPOA South	447.86	897.13	1,211.96	462.14	925.83	1,250.77	3.20%
PORAC	527.00	987.00	1,254.00	556.00	1,041.00	1,323.00	5.49%

Total Basic Change	4.61%	Basic Association Plan Change	2.66%
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Medicare	2011				Percent		
Medicale	Single	2-Party	Family	Single	2-Party	Family	Change (+/-)
CAHP	354.00	655.00	832.00	354.00	655.00	832.00	0.00%
CCPOA North	345.56	692.00	1,034.57	386.26	773.85	1,157.12	11.81%
CCPOA South	345.56	692.00	1,034.57	386.26	773.85	1,157.12	11.81%
PORAC	418.00	833.00	1,331.00	418.00	833.00	1,331.00	0.00%

Total Medicare Change 0.05% Medicare Association Plan Change 0.86%

#### **Basic and Medicare Combined**

# 2012 100/90 State Annuitant Contribution

June 2011 HBC Meeting Minutes Attachment 4

2012 100/90 State Annuitant Contribution Rates By Premium Tier		
Single	Two Party	Family
\$566	\$1,074	\$1,382